



IN BRIEF FY 2005 - 06 RECOMMENDED OPERATING BUDGET

CITY OF HAYWARD, CALIFORNIA



Overview

FY 2005-06 Operating Budget

- Balanced with use of contingency funds
- Largely a status-quo budget, but does reopen Fire Station Number 9
- Maintains most frozen positions at current level
- Budget lays ground work for two-year budget commencing FY 2006-07
- Fee increases for utility funds



CITY OF HAYWARD
OFFICE OF THE CITY MANAGER
May 13, 2005

Honorable Mayor and City Council:

Earlier this year, during the mid-year budget review, staff forecast that there would be a revenue shortfall for 2005-06 of approximately \$2.6 million. This recommended budget for 2005-06 improves somewhat on that projection, but still contains a revenue short-fall of approximately \$2.1 million. Consequently and as previously discussed, the recommended budget for 2005-06 continues to rely on the use of some of the General Fund's undesignated contingency reserve to achieve a balanced spending plan.

Over the past few years it has been necessary to "freeze" positions, with the resultant salary savings utilized in balancing the budget. For 2004-05, this meant that the General Fund had approximately 83 positions frozen. In the short term, a personnel reduction of this magnitude can be somewhat accommodated and the impact to services is minimized; in the long-run, services suffer and personnel resources are strained. Certainly, there is the hope that commencing in 2006-07 we will be able to begin to reinstate some of these positions. Still, this budget does not freeze any additional positions for 2005-06.

As I have indicated in the past, I believe it is important that General Fund reserves be used cautiously. Future years will have budget issues to deal with, some of which can be foreseen now. If reserves are not carefully managed, budget flexibility for future periods may be compromised. This has been Council's direction in the past and I believe it is essential that this direction is maintained in the future.

Routine adjustments to various revenue accounts such as Property Tax, Sales Tax and other revenue accounts are reflected in the budget I am submitting you. As will be discussed in greater detail later, in general revenues continue to show strength. Overall revenues are up approximately \$4.1 million over the estimated actual revenues for 2004-05.

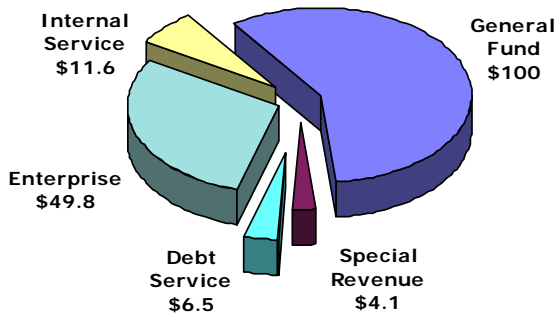
With respect to expenditures, I am recommending limited increases in the Employee Services category. The increased costs primarily reflect the reopening of Fire Station Number Nine and increases in costs associated with PERS and related medical benefits. Other expenditure areas such as Maintenance & Utilities and Supplies & Services generally have been held to the 2004-05 levels. In effect, this is a budget reduction as I am requiring the various City departments to absorb any price increases.

I believe the departments have risen to the occasion and have carefully reviewed their operating budgets to see where costs can be trimmed while striving to maintain service levels.

BUDGET OVERVIEW—2005-06

The recommended 2005-06 operating budget is a balanced spending plan totaling \$172 million for all funds. Of this amount, \$100 million is for the General Fund, \$49.8million is for Enterprise Funds, \$11.6 million is for Internal Service Funds, \$4.1 million is for Special Revenue Funds, and \$6.5 million is for Debt Service Funds. The following chart illustrates the composition of the City's operating budget by fund type.

**City of Hayward Operating Budget—
All Funds
(\$ In Millions)**



This message focuses primarily on the General Fund, as this is where most City services are budgeted. By way of summary, the following table provides an overview of the total General Fund revenues and expenditures as recommended for 2005-06.

**2005-06 General Fund Revenues and
Expenditures
(\$000's)**

| | Amount |
|-----------------------------------|-----------|
| Revenues | \$ 92,980 |
| Expenditures | 94,876 |
| Transfers In | 5,131 |
| Transfers Out | 5,338 |
| Excess of Revenues (Expenditures) | (2,103) |
| Use of Contingency Reserve | 2,103 |
| Net Revenues (Expenditures) | - |
| Beginning Fund Balance | 21,866 |
| Less Reserves Used | (2,103) |
| Ending Fund Balance | \$ 19,763 |

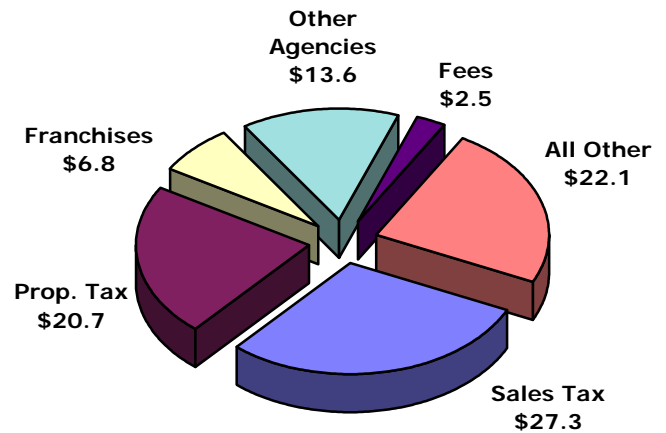
As can be seen from the schedule above, recurring General Fund expenditures are not in line with recurring revenues. Through the use of reserves, the budget is balanced for 2005-06. However, this is not a long-term solution. In order for the General Fund to be on a solid financial footing it will be necessary to bring expenditures in line with revenues. I

believe that the 2005-06 recommended budget makes a substantial move in that direction.

Revenue Estimates – Sources of Funds

General Fund revenues come from several sources, the most significant of which are Sales Tax and Property Tax. However, there are other important revenue sources for the General Fund, such as the Real Property Transfer Tax and the Motor Vehicle In-Lieu Tax (VLF). The chart below provides a quick overview of General Fund revenue sources.

**General Fund Operating Revenues
(\$ in Millions)**



Sales Tax

Sales tax revenue is estimated at about \$27.3 million for 2005-06. This represents an increase of approximately \$800,000 over the estimated actual revenue for 2004-05. As previously discussed with Council, a significant portion of the City's sales tax comes from the "business to business" category. Another significant category is Transportation which includes new car sales. Unfortunately, through the fourth quarter of 2004 these categories have continued to decline. Other categories have remained essentially flat with only Construction showing an upward trend. Based on this performance staff is reluctant to forecast any significant growth in the City's sales tax base for 2005-06, and a modest growth rate of 3% is recommended. If the economy shows greater

strength in the upcoming months, there will be an opportunity to revise this revenue at mid-year.

Property Tax

This revenue source continues to reflect both an active real estate market in terms of the number of sales and a market where values outpace inflation. Staff believes that property tax will continue to show strong growth through 2005-06 and has applied a net growth factor of 5% to the estimated 2004-05 property tax amount. Unfortunately, the Governors budget continues to raid the City's property tax base. In addition to the permanent ERAF takeaways, 2005-06 reflects the second of two annual losses of \$1.9 million. The \$20.7 estimate for 2005-06 reflects this takeaway. In accordance with Proposition 1A, these funds will return to the city in 2006-07.

Real Property Transfer Tax

This tax is directly related to the number and value of property sales that close in Hayward each year. Over the past few years this revenue has continued to increase. Staff believes that low home mortgage interest rates are a key factor contributing to the growth of this revenue source. Consequently, as long as the economy continues to enjoy low interest rates this revenue will stay at its current level or higher. The risk, of course, is that interest rates will climb slowing down property sales and/or lowering values. Because of the risk inherent in this revenue source, including the potential for rapid change, staff is recommending a cautious approach to estimating this revenue. Consequently, staff is assuming that generally, Hayward will experience the same level of activity for 2005-06 as is being experienced for 2004-05. Allowing for some growth in 2005-06, staff is estimating this revenue at \$7.7 million for next year.

Vehicle License Fee (VLF)

Another revenue source that has shown continued growth is the VLF. Staff estimates that this revenue will generate \$9.1million for 2004-05. The actual revenue for 2004-05 contains a one-time payment stemming from the application of Propositions 57 and 58. Staff has adjusted the revenue base for this one-time item which results in an underlying revenue base for 2004--05 of about \$8.4 million. Staff is estimating that this level will be the same for the next year and is forecasting \$8.4 million for 2005-06.

In addition, the VLF estimate for 2005-06 contains an amount of \$2.2 million for VLF revenue that was "borrowed" by the state. The California 2003-04 budget borrowed three months of VLF backfill owed to local agencies. The State must repay the backfill amounts by August 15, 2006. As a result of recent legislation sponsored by the League of Cities, local agencies can "sell" their receivables from the state to a third party and receive funds earlier. A joint powers agency (California Commintutes) is being formed to issue bonds to purchase the receivables from cities and counties. The agency will purchase the VLF receivables from the local entity for about 93% of the full amount. Then the full amount will be collected by the joint powers agency from the State at a later date. The difference between the purchase price and the ultimate collection will pay the cost of financing.

As discussed at the mid-year session, this budget assumes that Hayward will participate in this undertaking. Accordingly, the recommended budget reflects the receipt of \$2.2 million in 2005-06.

Other Sources

In general, other revenue sources are estimated to increase for 2005-06, to varying degrees. In all cases, staff has been conservative in estimating the balance of revenues for the General Fund.

Revenue Estimates-Source of Funds, Utility Funds

As noted in the Mid-Year Budget Review, I indicated that I would be bringing forward proposed fee increases for the utility funds for 2005-06. More specifically, I am recommending adjustments to Sewer and Water Fund connection fees and to Sewer Fund service rates. With respect to the Sewer and Water Fund connection fees, increases are based on a connection rate study and are brought forward to Council every two years. The proposed Sewer Fund service rate increases are based on an annual study which takes into account ongoing operating costs and provides for capital improvement. Both of these recommend increases are discussed in greater detail in the supplemental budget material.

Expenditure Projections – Use of Funds

The largest expenditure category for the General Fund is, of course, Employee Services. The most significant personnel change to the 2005-06 budget is the reopening of Fire Station Number Nine. Another area that is impacting employee service cost is employee benefits, specifically medical insurance and retirement costs.

In addition to the reopening of Fire Station Number Nine, there are a few other personnel changes in the recommended budget that I would like to bring to Council's attention.

City Manager Department

The City's Technology Services Division is located in the City Manager Department. In this division I am recommending three personnel changes which are first, the addition of a GIS Specialist; second, the addition of a Programmer Analyst that will concentrate on Public Safety Systems and third, the deletion of the Public Safety Information System Manager position, which is now vacant.

One of the key projects in the City's two-year technology plan was the implementation of a Geographic Information System (GIS) system. Just recently, Council saw a demonstration of the City's GIS system. The GIS system has met the expectations of staff as an efficient and reliable tool. Staff production is enhanced many times over and the quality and types of analysis that can be accomplished are numerous.

During the development stage, staffing for this project was included in the City's Capital Improvement Plan (CIP) budget. The project, however, has moved out of the development stage and is now available for staff use. To continue to reap the benefits of the system, it must be maintained and there must be ongoing development. To support this effort I am recommending the addition of a GIS Specialist position to the Technology Services Division. As an offset to the addition of this new position I am recommending that the position of Public Safety Information System Manager, which is unfilled, be deleted. With the integration of Public Safety technology services under the Technology Services Division the duties of this position have been largely assumed by the Technology Services Director.

Finally, I am recommending that a Programmer Analyst position be added to concentrate on Public Safety Systems. Continued development of capabilities in this area requires a Programmer Analyst to maintain, update and develop existing systems. While this mission critical work could be accomplished by existing staff, the negative impact to other City systems would be too great. This addition of this position is included in the recommended budget.

Utility Funds

The Water and Sewer utility funds share the cost of a Utilities Maintenance Mechanic Group. This group provides maintenance to both the water and wastewater systems. A review of existing maintenance schedules coupled with several new facilities coming on line clearly indicates a need for additional staff. Consequently I am recommending the

addition of one Maintenance Mechanic and one Electrician to the Utilities Maintenance Mechanic Group. These two positions will significantly increase the City's ability to properly maintain these critical facilities.

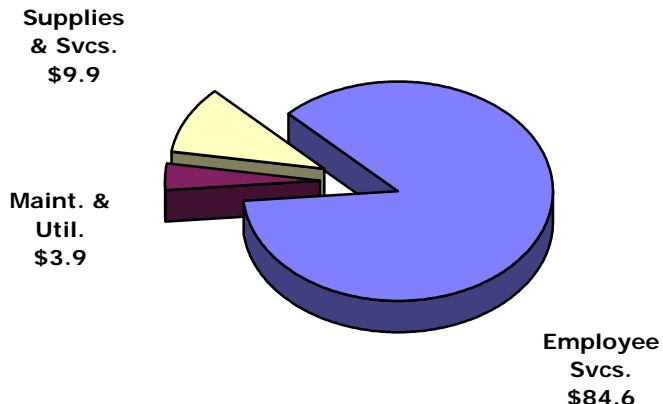
A second area of concern has to do with the Utilities Engineering Section. Similar to the Utilities Maintenance Mechanic Group, the water and wastewater utility funds share the cost of an engineering section. Both the water and wastewater funds have substantial projects planned, as noted in the CIP Budget. Consequently, I am recommending the addition of one Associate Civil Engineer position to assure the improvement projects move forward in a timely fashion.

As discussed earlier, non-employee expenditures for 2005-06 are budgeted at 2004-05 levels. This level of funding holds the line from a dollar standpoint, but requires departments to absorb any price increases. Nonetheless, I believe that this cost cutting is necessary to minimize the need to use contingency funds to balance the budget.

The last area of non-employee expenditures is Capital Expense. Council will note that this category has been increased by \$150,000 over the prior year, (from \$75,000 to \$225,000). This additional funding will be used to acquire non-lethal energy systems (TASER), and digital audio recorders for the Police Department. As more fully discussed in the supplemental budget material provided separately, this equipment will be deployed to reduce the risk of officer injury and injury to resisting subjects by providing an alternative to traditional compliance measures. The digital audio equipment that I am recommending will provide additional safeguards for both officers and the public by recording police actions. The benefits to individual police officers, the public and the general liability exposure of the City justify the implementation of these two programs.

The pie chart which follows provides a quick overview of the relationship of the expenditure categories.

General Fund Operating Expenditures (\$ in Millions)



Employee Related Costs

Personnel salary and benefit expenses comprise approximately 85% of the City's General Fund operating costs. For 2005-06, all negotiated salary and benefit increases, if any, are factored into the expenditure assumptions. It should be noted that except for Fire, no other bargaining unit is receiving a salary increase. The increase in Fire comes after two years of zero increases, which is the same pattern with the remaining employee groups. Employee benefit costs increased substantially for 2005-06. For example, medical insurance rates increased on the average by 18%. The City's Public Employee Retirement System (PERS) employer contribution rates increased from 7.8% to 11.6% for Miscellaneous employees, from 26.7% to 29.3% for Police employees and from 26.5% to 29.1% for Fire employees.

For fiscal year 2004-05 the City was able to utilize a 30 year amortization period for the unfunded liability of the City's Public Safety units retirement plans. This election resulted in a significant savings and lowered the City's contribution rate by approximately 6%. For 2005-06, the increase in the PERS employer contribution rate for Miscellaneous employees provides a similar opportunity for savings. By electing a 30 year amortization period for the

plan's unfunded liability the City will realize a savings of approximately \$300,000. Utilizing a longer payback period is often done by agencies to create a more uniform contribution level over time and does not in any way jeopardize the financial soundness of the City's Plan(s). The lower rate for Miscellaneous employees has been used in budgeting for employee services for 2005-06.

Non-Personnel Expenditures

The other primary expenditure categories, Maintenance and Utilities and Supplies and Services and Capital have been held at the levels of the 2004-05 budget, while capital have increased slightly as previously mentioned. To the extent that there are price increases that apply to these categories, the departments have been able to absorb these additional costs. While I am confident that basic service levels are not significantly impaired by the recommended expenditure levels, there is little room for added programs.

State Budget Actions

Unfortunately, a disclaimer referencing the State's budget crises has become a required component of local government budgets. This has not changed for 2005-06. While the passage of Measure 1A in November of 2004 ties the State's hands with respect to future take-aways, it is best to not underestimate the ingenuity of Sacramento. However, at least for the moment, there is nothing on the horizon that threatens local revenues, as has been the case in the past.

CLOSING REMARKS

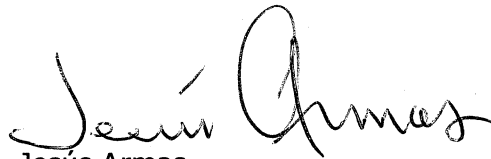
Hayward, along with many other California local government entities, has weathered a series of budget storms fueled by a sluggish economy and State budget decisions. The waters are not calm yet; however, I believe we are heading for a period of relative stability. If this prediction holds true, I hope to reintroduce

a two year budget starting in 2006-07. For this upcoming year we must all work hard to maintain our level of service to the public and tackle important objectives for the year. Overall, I think the City, following the policies of Council, is in a satisfactory financial condition and able to respond to any challenges that may present themselves.

We all look forward to working with Council to implement the many important projects contained in the budget and to continue to provide excellent service to Hayward residents.

I would be remiss if I did not acknowledge and thank all of the individuals who are instrumental in developing and producing this budget. The City of Hayward is fortunate to have a competent and dedicated staff and I extend my sincere thanks to those responsible for their efforts toward the completion of this budget.

Respectfully submitted,



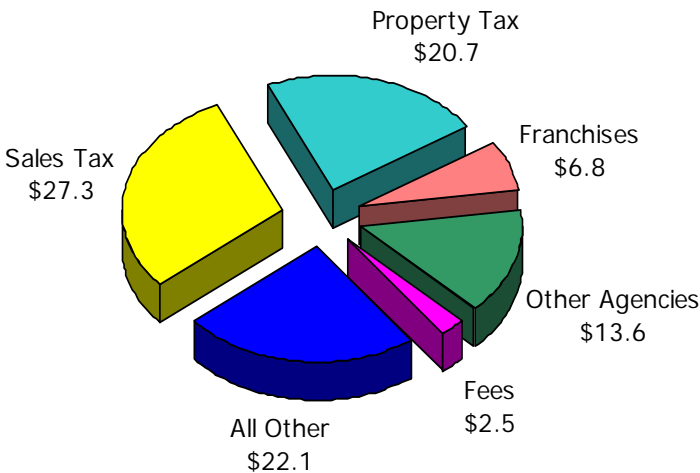
Jesús Armas
City Manager

City Financial Summary - All Operating Funds
(\$ in 000's)

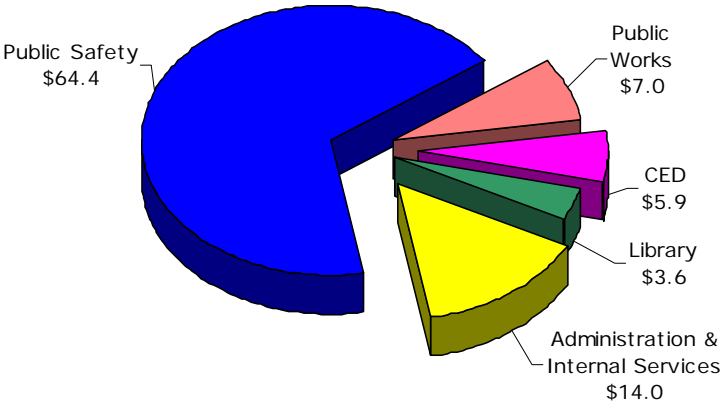
FY 2005-2006 Recommended

| | Governmental Fund Type | | | Proprietary Fund Type | | |
|--------------------------------------|------------------------|-----------------|--------------|-----------------------|------------------|---------|
| | General | Special Revenue | Debt Service | Enterprise | Internal Service | TOTAL |
| Revenues | | | | | | |
| Property Tax | 20,652 | 0 | 0 | 146 | 0 | 20,798 |
| Sales Tax | 27,295 | 0 | 0 | 0 | 0 | 27,295 |
| Other Taxes | 20,792 | 55 | 0 | 0 | 0 | 20,847 |
| Charges for Services | 2,493 | 0 | 0 | 39,532 | 0 | 42,025 |
| All Other Sources | 21,748 | 3,672 | 1,116 | 4,389 | 7,970 | 38,895 |
| Transfers from Other Funds | 5,131 | 35 | 5,366 | 418 | 1,942 | 12,892 |
| Use of Contingency | 2,103 | 0 | 0 | 0 | 0 | 2,103 |
| <i>Total Resources Available</i> | 100,214 | 3,762 | 6,482 | 44,485 | 9,912 | 164,855 |
| Expenditures | | | | | | |
| Employee Services | 84,574 | 1,058 | 0 | 12,053 | 1,788 | 99,472 |
| Maintenance and Utilities | 3,889 | 6 | 0 | 2,174 | 217 | 6,286 |
| Supplies and Services | 9,882 | 2,110 | 6,523 | 10,854 | 6,397 | 35,766 |
| Capital Expense | 225 | 20 | 0 | 86 | 700 | 1,031 |
| Net Interdepartmental | (3,694) | 424 | 4 | 680 | 112 | (2,473) |
| All Other Uses | 0 | 0 | 0 | 15,214 | 1,569 | 16,782 |
| Transfers to Other Funds | 5,338 | 438 | 0 | 8,655 | 780 | 15,211 |
| <i>Total Funds Required</i> | 100,214 | 4,055 | 6,527 | 49,716 | 11,563 | 172,075 |
| <i>Excess Revenue (Expenditures)</i> | 0 | (293) | (45) | (5,231) | (1,651) | (7,220) |
| Fund Balance | | | | | | |
| Beginning Fund Balance | 21,866 | 5,068 | 6,699 | 124,825 | 5,402 | 163,860 |
| Excess Revenue (Expenditures) | 0 | (293) | (45) | (5,231) | (1,651) | (7,220) |
| Use of Contingency | (2,103) | 0 | 0 | 0 | 0 | (2,103) |
| <i>Ending Fund Balance</i> | 19,763 | 4,775 | 6,654 | 119,594 | 3,751 | 154,537 |

2005-06 General Fund Operating Revenues (\$ in Millions)



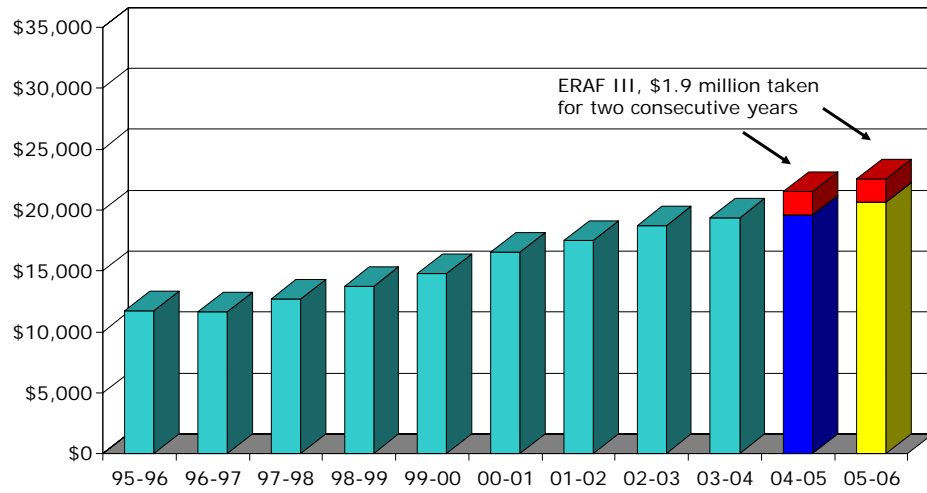
2005-06 General Fund Operating Expenditures (\$ in Millions)



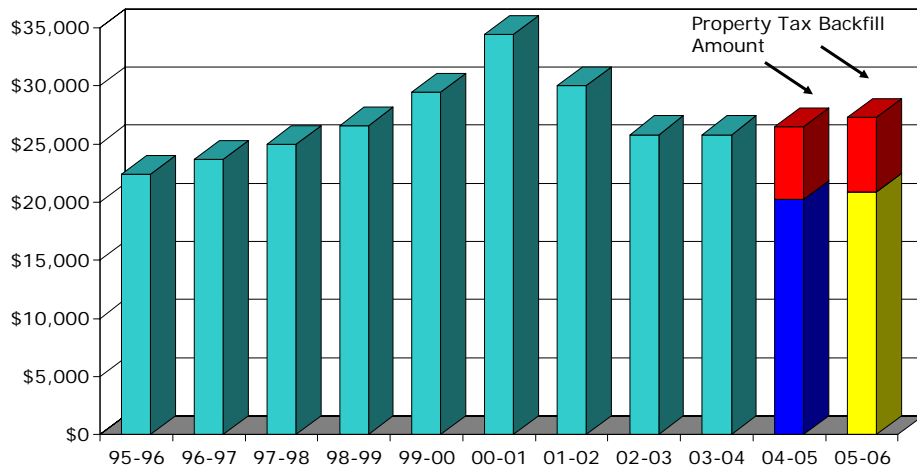
General Fund Revenue and Expenditure Summary (1 of 2)
(\$ in 000's)

| | Actual FY 2003-2004 | Adjusted FY 2004-2005 | Estimated FY 2004-2005 | Recommended FY 2005-2006 |
|---|--------------------------------|----------------------------------|-----------------------------------|-------------------------------------|
| Revenues | | | | |
| Taxes | 57,992 | 58,205 | 59,305 | 61,857 |
| Franchises | 5,588 | 6,822 | 6,822 | 6,882 |
| Licenses & Permits | 3,501 | 3,298 | 3,534 | 3,491 |
| Interest & Rents | (53) | 851 | 411 | 561 |
| Fines & Forfeitures | 962 | 887 | 1,668 | 1,232 |
| From Other Agencies | 9,122 | 10,662 | 11,902 | 13,577 |
| Fees & Service Charges | 2,654 | 2,531 | 2,484 | 2,493 |
| Other | 2,924 | 2,739 | 2,780 | 2,887 |
| <i>Subtotal</i> | 82,691 | 85,994 | 88,906 | 92,980 |
| Transfers to General Fund (Detail on following page) | 5,219 | 5,161 | 4,965 | 5,131 |
| Use of Contingency | 5,771 | 3,559 | 31 | 2,103 |
| <i>Total Resources Available</i> | 93,681 | 94,714 | 93,902 | 100,214 |
| Expenditures | | | | |
| Employee Services | 78,667 | 79,203 | 79,066 | 84,574 |
| Maintenance & Utilities | 4,146 | 3,888 | 3,894 | 3,889 |
| Supplies & Services | 9,468 | 9,946 | 9,692 | 9,882 |
| Capital Expense | 243 | 230 | 75 | 225 |
| Net Interdepartmental | (3,470) | (3,693) | (3,694) | (3,694) |
| <i>Subtotal</i> | 89,054 | 89,573 | 89,033 | 94,876 |
| Transfers from General Fund (Detail on following page) | 4,627 | 5,140 | 4,869 | 5,338 |
| <i>Total Funds Required</i> | 93,681 | 94,714 | 93,902 | 100,214 |
| <i>Excess Revenue (Expenditure)</i> | 0 | 0 | 0 | 0 |
| General Fund Balance | | | | |
| Beginning Fund Balance | 27,668 | 21,897 | 21,897 | 21,866 |
| Less Contingency Used | 5,771 | 3,559 | 31 | 2,103 |
| Ending Fund Balance | 21,897 | 18,338 | 21,866 | 19,763 |

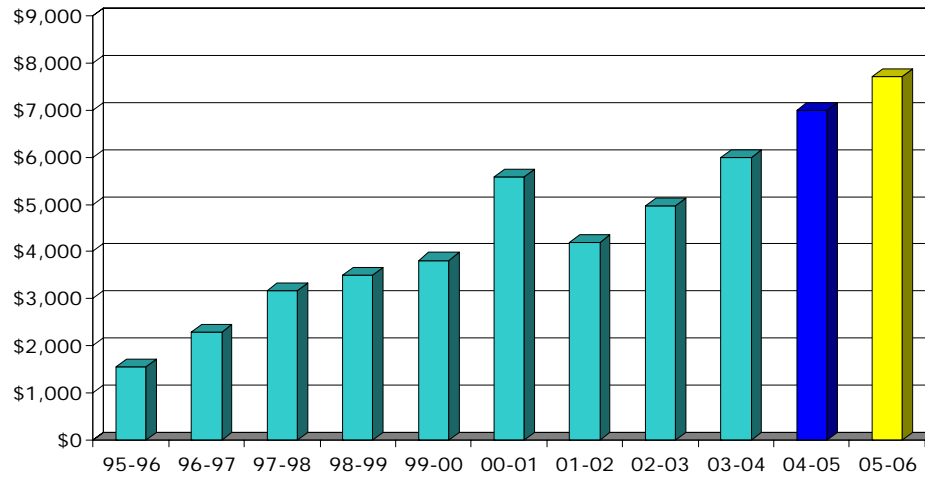
Property Tax 1995-96/2005-06 (\$ in 000's)



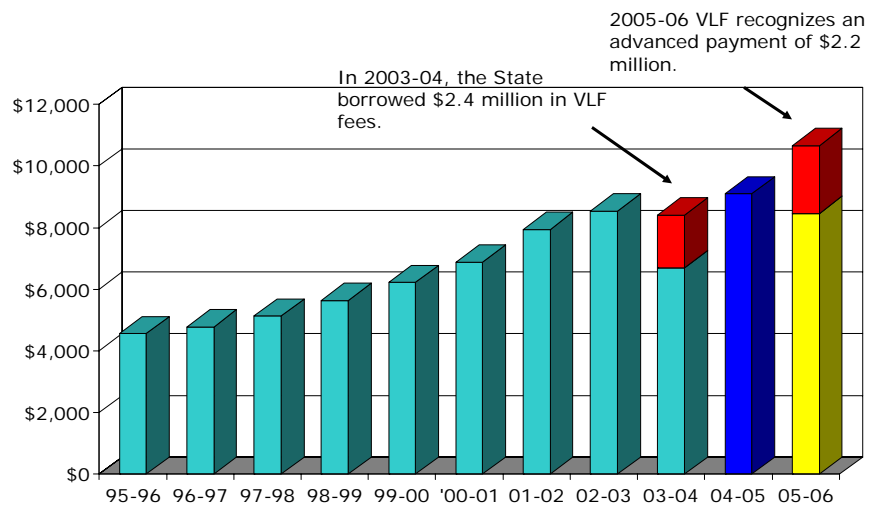
Sales Tax 1995-96/2005-06 (\$ in 000's)



Real Property Transfer Tax 1995-96/2005-06 (\$ in 000's)



Motor Vehicle In-Lieu Tax 1995-96/2005-06 (\$ in 000's)



General Fund Detailed Revenue Summary (1 of 2)

(\$ in 000's)

| | Actual FY 2003-2004 | Adjusted FY 2004-2005 | Estimated Year-End FY 2004-2005 | Recommended FY 2005-2006 |
|------------------------------|--------------------------------------|--|--|---|
| Taxes | | | | |
| Property Tax | 19,577 | 19,205 | 19,605 | 20,652 |
| Sales Tax | 25,413 | 26,500 | 26,500 | 27,295 |
| Business Tax | 2,048 | 2,100 | 2,100 | 2,100 |
| Real Property Transfer Tax | 6,869 | 6,300 | 7,000 | 7,710 |
| Transient Occupancy Tax | 1,143 | 1,200 | 1,200 | 1,200 |
| Supplemental Improvement Tax | 1,349 | 1,200 | 1,200 | 1,200 |
| Emergency Facilities Tax | 1,593 | 1,700 | 1,700 | 1,700 |
| <i>Subtotal</i> | 57,992 | 58,205 | 59,305 | 61,857 |
| Franchises | | | | |
| Waste Management | 2,248 | 2,762 | 2,762 | 2,762 |
| Cable TV Franchise | 891 | 880 | 880 | 880 |
| PG & E | 937 | 900 | 900 | 900 |
| Water & Sewer Franchise | 1,512 | 2,280 | 2,280 | 2,340 |
| <i>Subtotal</i> | 5,588 | 6,822 | 6,822 | 6,882 |
| Licenses and Permits | | | | |
| Construction Permits | 2,688 | 2,511 | 2,511 | 2,511 |
| Hazardous Permits | 373 | 367 | 419 | 427 |
| Other | 440 | 420 | 605 | 553 |
| <i>Subtotal</i> | 3,501 | 3,298 | 3,534 | 3,491 |
| Interest and Rents | | | | |
| Interest Earned | (153) | 811 | 411 | 521 |
| Building & Parking Rental | 100 | 40 | 0 | 40 |
| <i>Subtotal</i> | (53) | 851 | 411 | 561 |
| Fines and Forfeitures | | | | |
| Library Fines & Forfeitures | 90 | 112 | 93 | 97 |
| Drug Asset Seizures | 0 | 0 | 0 | 0 |
| Other | 872 | 775 | 1,575 | 1,135 |
| <i>Subtotal</i> | 962 | 887 | 1,668 | 1,232 |

General Fund Detailed Revenue Summary (2 of 2)
(\$ in 000's)

| | Actual FY 2003-2004 | Adjusted FY 2004-2005 | Estimated Year-End FY 2004-2005 | Recommended FY 2005-2006 |
|------------------------------------|--------------------------------|----------------------------------|--|-------------------------------------|
| From Other Agencies | | | | |
| Motor Vehicle In-Lieu Tax (VLF) | 6,446 | 8,400 | 9,098 | 8,463 |
| VLF Advanced Payment | 0 | 0 | 0 | 2,200 |
| Sales Tax Public Safety Allocation | 709 | 650 | 650 | 700 |
| Fire Grants & Reimbursement | 529 | 409 | 382 | 419 |
| Police Grants & Reimbursement | 1,176 | 861 | 861 | 1,673 |
| Other | 263 | 343 | 912 | 122 |
| <i>Subtotal</i> | 9,122 | 10,662 | 11,902 | 13,577 |
| Fees and Service Charges | | | | |
| Police Services | 545 | 540 | 505 | 504 |
| Plan Checking Fees | 909 | 1,047 | 1,116 | 1,046 |
| Fire Service Fees | 246 | 219 | 230 | 226 |
| Weed Abatement Collections | 131 | 172 | 145 | 122 |
| Rental Unit / Ordinance | 25 | 0 | 25 | 15 |
| Residential Rental Inspections | 367 | 280 | 280 | 280 |
| Other Fees and Charges | 431 | 274 | 183 | 301 |
| <i>Subtotal</i> | 2,654 | 2,531 | 2,484 | 2,493 |
| Other Revenue | | | | |
| Worker's Comp Insurance Refund | 1,094 | 950 | 950 | 1,000 |
| Other | 1,830 | 1,789 | 1,830 | 1,887 |
| <i>Subtotal</i> | 2,924 | 2,739 | 2,780 | 2,887 |
| <i>Total Revenue</i> | 82,691 | 85,994 | 88,906 | 92,980 |

General Fund Reserve and Designation Schedule
(\$ in 000's)

| Reserved for: | Actual FY 2003-2004 | Adjusted FY 2004-2005 | Estimated Year-End FY 2004-2005 | Recommended FY 2005-2006 |
|--|--------------------------------|----------------------------------|--|-------------------------------------|
| Encumbrances | 805 | 805 | 805 | 805 |
| Advances | 1,336 | 1,336 | 1,336 | 1,336 |
| Inventory | 109 | 109 | 109 | 109 |
| <i>Total Reserved Fund Balance</i> | 2,250 | 2,250 | 2,250 | 2,250 |
| Designated for: | | | | |
| Economic Uncertainty | 7,000 | 7,000 | 7,000 | 7,000 |
| Liquidity | 3,500 | 3,500 | 3,500 | 3,500 |
| Public Safety Radio System | 2,250 | 1,980 | 1,980 | 1,980 |
| Hotel Conference Center | 1,250 | 1,250 | 1,250 | 1,250 |
| Contingencies | 5,647 | 2,358 | 5,886 | 3,783 |
| <i>Total Designated Fund Balance</i> | 19,647 | 16,088 | 19,616 | 17,513 |
| Total Reserved and Designated Fund Balance: | 21,897 | 18,338 | 21,866 | 19,763 |